

Demand No. 29- Labour and Employment

“That a sum not exceeding Rs. 2,70,90,000 inclusive of the sum granted ‘on account’ be granted to the Government to defray the charges which will come in course of payment during the financial year ending 31st day of March 1978 in respect of Demand No. 29 ‘Labour and Employment’”.

Statement by the Minister for Finance

Re : Professional Tax

† SRI M. Y. GHORPADE (Minister for Finance).—Madam Speaker, I had no intention of making the statement to-day. However in the course of the debate both Hon. ble Minister for Labour and the Hon’ Members Sri B. V. Kakkilaya have mentioned about the professional Tax, and also the fast undertaken by Mr. M. S. Krishnan. Now I only want to clarify the Government’s stand regarding the professional Tax. Professional Tax, we have introduced in the State after very careful consideration and it is a very progressive tax. As I have repeatedly said, it is not a new tax in the sense that it was already there supposed to be levied by the local bodies and Municipalities. It is because of various reason, they were not able to do this effectively. We are now levying it at the State level in a systematic and scientific manner. Now, while levying this new tax, we have taken care to make it as a reasonable tax. Actually the tax is not only on the salaried employees.

It is not only on the salaried employees but also on various categories of people who are practicing different professions. Now, when we discuss professional tax in this House, I remember Sri Krishnan, who took particular interest regarding the slabs and it would not be incorrect for me to say that the extremely reasonable nature of slabs that we introduced was to some extent in response to what Sri Krishnan said during the Debate. I have regard for Sri Krishnan for his genuine concern and sincerity, but I must say on this occasion that fasting may not be the most appropriate way of drawing the attention of the Government regarding the professional tax. As the House knows, the Government has always been extremely sympathetic whenever difficulty has arisen and some specific areas of hardship have been pointed out and we have taken a sympathetic view. For example, in the case of Lawyers and Ayurvedic and Unani practitioners. When they pointed out that the slabs we have indicated is onerous, We have not hesitated to revise the same. As matter of fact, in the case of Lawyers only

this month we have again decided to give them some concession and according to the decision we have now taken, for the first 7 years, there will be no tax, because it is very difficult for them and it will take some time for them to put of practice. Therefore, for less than 7 years, we have made it nil whereas originally it was two years. So far as mofusil areas are concerned, for Lawyers, from 7 years to 12 years, it is Rs. 50 per annum; for 12 years practice or more, it is Rs. 100 per annum. So far as the Bangalore Urban area is concerned district level, Municipalities-for less than 7 years, it is nil; from 7 years to 12 years, it is Rs. 150 and for above 12 years, it is Rs. 250. This is a considerable concession compared to what we have suggested originally. I should also point out that Government as a result of their pay revision have considerably increased the incomes of several categories of Government employees. To give you just some examples, number of employees. I am talking about the State Government employees who were drawing less than 500 rupees under the old scale there were 2,76,000 employees. Now there are 2,29,000 employees who are drawing less than Rs. 500. In other words, there has been considerable drop in the number of employees who are drawing less than Rs. 500. There were 26,000 employees in the scale of 500-600. Now this has gone up to 53,000 in revised pay scales. As regards Rs. 600-800 there were only 10,000 employees, now are 20 thousand employees. Similarly, with regard to Rs. 800-1000 there were 10,000 employees, now they are 18,000. From this, you will notice that while the employees in the category of less than Rs. 500, there has been a short fall. There has been equally significantly increase in the number of employees in the higher pay scales. It shows the extent to which their salaries have been increased as a result of the pay scales. Now, the incidence of professional tax has also been made very reasonable. Those who are drawing less than Rs. 500, it is nil. Those who are drawing between Rs. 500 and 600, they have to pay only Rs. 3 per month and those who are drawing 600-800, they have to pay only Rs. 6 per month. Those who are drawing Rs. 800-1000, have to pay only Rs. 9 per month and so on, it goes up to Rs. 20 per month for those whose salary is more than Rs. 1500.

Madam Speaker, in this connection, I would also like to remind the House that this professional Tax was not giving any income, though it was there. Today, it is expected to give an income of about Rs. 4 crores. This income of Rs. 4 crores has been specifically earmarked towards the People's Housing Programme. The philosophy behind this is, that the organised sectors which are really relatively better paid sectors should contribute towards the less organised

sectors. Actually, the well-known trade union leaders in this country are today openly saying this that the organised sectors should be a little more mindful than the less organised sectors and, therefore, those who pay this tax are satisfying by knowing that every paise of this tax goes towards the People's Housing Programme. That is how we are able to set up this people's Housing Programme and I am very happy to say that today, approximately 75,000 houses, under the People's Housing Programme, have been built and we have an impressive programme for the current year also—building houses for less expenditure of Rs. 2500, houses for Rs. 1250 and huts for Rs. 250. Therefore, I said that this is a progressive tax and even the Government employees do recognise this and many of them feel happy that they have this opportunity of contributing directly to the benefit of the weaker sections. This is not also a tax which has been suddenly invented by the State Government. As a matter of fact, the Planning Commission has been very much emphasising to put this professional tax on a proper basis. When we used to go for plan discussion to Delhi and to discuss various matters of resource mobilization, sources of revenue, this matter used to come up and, therefore, this has the full emphasis of the Planning Commission also. Therefore, my request to Mr. Krishnan is that all the points that he made during the Debate on Professional tax have been very helpful. We have appreciated it and actually we have responded to it.

6-30 P. M.

As I said that Government does not have a closed mind on details, while I would say straight away that it would be very difficult to agree for the abolition of professional tax. Certainly wherever difficulties arise, hardship arises for any particular group, marginal adjustments can be made which would reduce the hardships without affecting the main principle and programme underlying the professional tax. Government will certainly keep an open mind and we are responsible. I think this statement by me would satisfy my friend Mr. Krishnan about the genuineness of the Government's intentions. As I said, it would not be appropriate for us to politicise this issue or to precipitate the matters, because I am sure that is not the intention of any Member of this House and therefore I want to emphasise that while Government finds it difficult to agree for the total abolition of professional tax, we will certainly take with sympathetic responsive attitude to any difficulties or hardships that are coming to our notice from time to time and do our best to relieve them by such marginal adjustments, such changes, as may be considered appropriate. I think, at the stage, this should suffice and I have tried to be as responsive as possible with regard to the profe-

ssional tax. I once again appeal to all the Members of this House and particularly to Mr. Krishnan not to make this as a part of his fast demands. Regarding other demands, the Hon. Chief Minister has already made a statement yesterday and it is not my intention to refer to them. I only wanted to take the opportunity of explaining the intention of the Government regarding the professional tax. It is a progressive tax which should be supported by all concerned. But we will not be rigid regarding any disability that may come to our notice from time to time.

MADAM SPEAKER.— The House now stands adjourned to meet tomorrow at 1 P. M.

The House adjourned at Thirty-Three Minutes past Six of the Clock to meet again at One of the Clock on Thursday, the 23rd June 1977.